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Note verbale dated 23 June 2010 from the Permanent Mission of Austria to the United Nations addressed to the Secretary-General

The Permanent Mission of Austria to the United Nations presents its compliments to the Secretary-General and has the honour to present the report of the High-level Symposium on the theme "Accountable and transparent development cooperation: towards a more inclusive framework", held in Vienna on 12 and 13 November 2009 (see annex). The Permanent Mission of Austria to the United Nations would highly appreciate it if the report were circulated to the Economic and Social Council under agenda item 2 (b).

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Annex to the note verbale dated 23 June 2010 from the Permanent Mission of Austria to the United Nations addressed to the Secretary-General

Report of the Vienna High-level Symposium on the theme "Accountable and transparent development cooperation: towards a more inclusive framework", held on 12 and 13 November 2009

Contents

		Page
I.	Introduction	3
II.	Objectives of the Symposium	3
III.	Key challenges in international development cooperation	4
IV.	Concept of mutual accountability	5
V.	Making development cooperation more accountable and transparent	6
VI.	Strengthening South-South and triangular cooperation	13
VII.	Policy coherence	16

I. Introduction

1. The General Assembly, by resolution 60/1, entitled "2005 World Summit Outcome", mandated the Economic and Social Council to convene a biennial high-level Development Cooperation Forum to review trends and progress in international development cooperation and give policy guidance on practical measures and policy options on how to enhance its coherence and effectiveness. The Development Cooperation Forum was also mandated to promote greater coherence among the development activities of different development partners and strengthen the normative and operational link in the work of the United Nations. The Forum is meant to provide a platform for Member States to share their experiences and is open to the participation of all key development cooperation actors. At the request of the General Assembly, the first Development Cooperation Forum was held in New York on 30 June and 1 July 2008.[1]

2. In 2008, the Development Cooperation Forum established itself as a focal point within the United Nations system and principal forum for global policy dialogue on effectiveness and coherence of international development cooperation. This role and some of the key messages from the 2008 Forum were reflected in the outcome document of the Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus, held in Doha from 29 November to 2 December 2008.[2] Similarly, the Third High-level Forum on Aid Effectiveness, held in Accra from 2 to 4 September 2008, affirmed the role of the Development Cooperation Forum in the international dialogue and in regard to mutual accountability on aid issues.

3. The aim of the 2010 Development Cooperation Forum is to promote a constructive and results-oriented dialogue among key development cooperation actors with a view to producing agreement on priority issues for action to advance the implementation of commitments on quantity, quality and development impact of international development cooperation.

4. To facilitate dialogue among key stakeholders at the 2010 Forum, the Department of Economic and Social Affairs of the United Nations Secretariat is supporting the organization of several nationally led high-level symposiums, with a particular focus on the key challenges facing development cooperation.

II. Objectives of the Symposium

5. Organized as a multi-stakeholder event, the first global symposium was held in Vienna on 12 and 13 November 2009, on the overall theme "Accountable and transparent development cooperation: towards a more inclusive framework". An

[1] More information on the first Forum and its preparations is available from: http://www.un.org/ecosoc/newfunct/preparations.shtml and http://www.un.org/ecosoc/newfunct/2008dcf.shtml.

[2] The Doha outcome document recognized the important contribution of the Forum in efforts to improve the quality of official development assistance and to increase its development impact. It also mandated the Forum to review more systematic and universal ways to follow quantity, quality and effectiveness of aid, giving due regard to existing schemes and mechanisms (see General Assembly resolution 63/239, annex).

inclusive and frank dialogue was held on several key issues,[3] with large participation of senior technical experts in aid management from provider and programme countries, parliaments, civil society organizations, local governments and international organizations.

6. The Symposium aimed to define recommendations to ensure that the various stakeholders in development cooperation are able to hold each other accountable for honouring their commitments on the quantity, quality and effectiveness of aid. It provided a unique opportunity to take stock of successes, challenges and gaps in existing mechanisms and initiatives in the area of mutual accountability and aid transparency. Its ultimate goal was to strengthen the various reviews of international development cooperation activities in order to ensure that such activities respond to various needs and views of all stakeholders.[4] The Symposium also discussed the work of the Development Cooperation Forum in the area of South-South and triangular cooperation and how to help sharpen its focus on policy coherence. The results will serve as input to the analytical work to prepare for the forthcoming preparatory symposiums, as well as the 2010 Forum.

III. Key challenges in international development cooperation

7. In view of the impact of the world economic and financial crisis, the need to sustain international development assistance and make it more effective was a key theme in the debate. The Austrian Minister of European and International Affairs, Michael Spindelegger, and the United Nations Under-Secretary-General for Economic and Social Affairs, Sha Zukang, underscored the importance of staying on track and even exceeding aid commitments in order to achieve the internationally agreed development goals, including the Millennium Development Goals. In the light of the Copenhagen Conference, participants also called on providers not to reduce official development assistance (ODA) to the benefit of new funds in the area of climate change. The Director General of Development Cooperation, Austrian Federal Ministry for European and International Affairs, Irene Freudenschuss-Reichl, stressed the fragility of development cooperation due, inter alia, to budgetary difficulties in many countries. She reminded participants that the 2010 Development Cooperation Forum would be held at a time when development cooperation actors would know whether the economic and financial crisis was waning and whether the energy and food price crises would re-emerge.

8. The President of the Economic and Social Council, Sylvie Lucas, emphasized that, against this backdrop, the Development Cooperation Forum must be a platform for developed and developing countries and all major development players to build a broad and open consensus towards a global partnership for development. It should

[3] The programme of the Symposium was organized around seven main themes: (a) key challenges for mutual accountability and aid transparency; (b) promoting mutual accountability mechanisms at the global and regional levels; (c) mutual accountability reviews at the country level; (d) strengthening international aid transparency and information-sharing; (e) gender equality and gender perspectives on mutual accountability; (f) strengthening South-South and triangular cooperation; and (g) enhancing policy coherence.

[4] Signatories to the Accra Agenda for Action agreed to step up efforts to ensure that mutual assessment reviews were in place by 2010 in all countries that had endorsed the Paris Declaration and to review proposals for strengthening existing international accountability mechanisms by end-2009.

delve into urgent issues such as the quantity, impact and coherence of development cooperation policy, South-South cooperation, the impact of the crises and climate change, among others.

IV. Concept of mutual accountability

9. In the current international environment, there is a growing need to develop more effective systems to promote accountability and transparency in development cooperation in order to ensure the timely and effective delivery and use of aid flows in the quest to achieve the Millennium Development Goals.

10. Accountability in development cooperation mainly refers to the following relationships: (a) providers hold the recipients of aid (national or subnational governments, multilateral organizations, civil society organizations or the private sector) accountable for the use of aid and the related policies; (b) recipients hold providers responsible for the effectiveness with which they provide aid; (c) other stakeholders, such as national parliaments or civil society organizations, in both developed and developing countries hold providers and recipient countries to account on their commitments; and (d) within each stakeholder group (e.g., civil society organizations), members hold one another accountable and exert peer pressure to live up to the commitments made.[5] This web of relationships is complex and varies from country to country.

11. The Doha Declaration on Financing for Development encouraged all donors to improve mutual accountability and transparency, a principle also at the heart of the aid effectiveness agenda in the lead-up to the fourth High-level Forum on Aid Effectiveness, to be convened by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) in 2011. The principle of mutual accountability was also recently recognized at the meeting of the Group of Twenty.

12. The concept of mutual accountability is very elaborate, with concrete commitments identified in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action (A/63/539, annex).

13. There is no shortage of international forums and national frameworks in which to debate mutual aid commitments. The mechanisms to translate mutual accountability into practice are manifold. In many countries, for example, certain components such as aid coordination matrices revolving around budget support or aid strategies and independent evaluation mechanisms are in place. However, be it at the national or international level, these mechanisms have not always worked well. Only a few produce systematic and practical behavioural change, in particular among providers of development cooperation. They rarely lead, for instance, to making aid more predictable and stable and reducing conditionalities.

14. More accountable development cooperation requires in particular enhancement of mutuality: one of the major gaps identified in earlier analysis is the need to make donors and providers of aid more accountable to programme country governments

[5] See background study on mutual accountability, available from www.un.org/en/ecosoc/newfunct/pdf/Analytical%20Background%20study%20(Mutual%20accountability%20and%20aid%20transparency).pdf.

and other stakeholders. Moreover, some stakeholders feel excluded from all or some of the processes that hold development cooperation actors to account. Participants in the Vienna Symposium attributed the limited progress at the international and national levels to the lack of partnerships among development cooperation stakeholders, in particular in aid-dependent countries. Building such partnerships, based on trust, was seen as critical to building well-functioning mutual accountability mechanisms. There is also a lack of clarity concerning the concept of mutual accountability, and limited trust in the independence of review processes to assess compliance with commitments. Progress was mainly reported in regions in which a sufficient number of stakeholders was committed to high-quality aid and development results and invested in the development of capacity in this area.

15. Participants agreed that existing goals on aid quantity (e.g., 0.7 per cent of gross national income (GNI) to ODA) should be taken into consideration when designing mutual accountability reviews, leading to clearer objectives and indicators, including gender-specific ones. These reviews should include, to the maximum extent possible, bilateral and multilateral aid, both on and off budget. This showed the importance of relevant information on aid as a means for mutual accountability (see sect. V.D).

V. Making development cooperation more accountable and transparent

16. The deliberations at the Vienna Symposium indicated the key challenges to achieving change in the behaviour of development cooperation actors and better development results in the short, medium and long term, as set out below.

A. Strengthen national ownership and leadership

17. One principal challenge is to ensure that reviews of mutual accountability result in more balanced aid relationships, with higher pressure on the providers of development cooperation to respond to national priorities and to increase policy coherence. Delegations highlighted that programme country governments need to be in the driver's seat. Programme countries should steer any coordination process with providers and non-executive stakeholders (parliaments, civil society organizations, local governments, etc.) and should be able to advocate the alignment of action plans to assess progress on commitments made with national development strategies. In the background study presented to the Vienna Symposium,[5] it was suggested that only a few national review mechanisms factor in national priorities or provide frank or forceful analysis of the performance of provider countries, in spite of the growing commitment of programme country governments.

18. As reiterated throughout the Symposium, the existence of a robust mutual accountability mechanism at the country level depends on whether or not the following elements are in place: (a) a national aid policy; (b) strong political leadership in the programme country; (c) clear institutional responsibilities for aid management; and (d) a locally driven aid quality and results monitoring framework.

19. Where a sound national development policy is in place, programme countries should lead the process of reviewing the performance of providers of aid, while the

latter should assist, where necessary, in developing effective frameworks for monitoring and evaluation. For providers to improve their own accountability, governments must give priority to relevant national events, such as annual high-level consultations on national strategies, consultative groups and round tables, and joint reviews of sectoral strategies.

20. Any national action plan to make the use of aid more accountable needs to be based on national development priorities and should recognize global aid effectiveness principles. Such a plan must also draw from detailed strategic documents which should ideally be agreed at national level before being presented to providers of aid. In many cases, however, providers are involved in the development of such documents. In this context, developing country participants encouraged providers to increase programme and budget support in lieu of project-based aid. This is expected to increase the percentage of aid reported on budget and help to better assess the impact of external assistance.

21. The proliferation of reviews and evaluation processes makes it difficult to hold providers to account in regard to their commitments. It increases efforts to coordinate and communicate within and between central agencies and local stakeholders and may make it more complicated to ensure ownership, assess the benefits of aid and engage non-executive stakeholders. A single national process involving joint strategic planning meetings at the senior and working levels among all relevant stakeholders is therefore essential to create and uphold political will and nurture a joint approach in holding providers to account.

22. Each country has its own way and has had varying success in moving in this direction. Some are seeking the advice of relevant international agencies, Southern partners and civil society on how to improve national aid policies. Others focus more on national and local consultations to develop a joint approach and then speak with one voice vis-à-vis the provider community. Either way, the organization of dialogue and assessment processes requires robust leadership as well as the early engagement and ownership of all stakeholders, based on a clear vision and a system of incentives.

23. There has been no systematic focus on gender issues in mutual accountability mechanisms. Targets set in such documents as the Beijing Platform for Action[6] and the Accra Agenda for Action are not yet pursued systematically and sex-disaggregated data and gender-sensitive indicators remain generally weak. While the importance of gender issues in development and human rights is now well established, making governments accountable for the advancement of women's rights and gender equality through all aid policies is still a challenge. In this regard, members of parliament and civil society participants underscored that gender must be a priority across relevant line ministries and not an afterthought in development planning.

B. Ensure the active engagement of all relevant stakeholder groups

24. A key prerequisite for ensuring that stakeholders are held to account in regard to their aid commitments at the country level is a robust culture of domestic

[6] *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annex II.

accountability, whereby citizens are able to hold the State answerable for its actions. A thorough and regular consultative process among all relevant stakeholders at the national level is key to promoting the effective use of aid and making mutual accountability processes meaningful. It is critical also to promoting the alignment of governmental and non-governmental aid-related activities behind national development strategies and aid policies and to making the development process truly country-driven.

25. Mutual accountability can only be assured if there is such an inclusive national dialogue under strong government leadership and with the active involvement of parliaments and civil society. The purpose of such a dialogue is to agree on clear actions and criteria for reviewing aid activities and policies and ensuring that they are responsive to stakeholder needs. Parliaments need to be fully recognized as autonomous and informed oversight bodies entrusted with scrutinizing development cooperation and ensuring that the general public has access to information on any externally funded activities in the country. In this context, members of parliament participating in the Symposium emphasized that they generally lacked access to reports on performance of providers of aid and that many provider and programme country governments were reluctant to engage in consultations on aid expenditure.

26. In some countries, specialized parliamentary committees have been set up to interact directly with the providers of aid. These committees help to ensure a thorough oversight process, raise awareness about the role of parliaments in revealing ineffective or inappropriate use of aid and about the need to increase reporting of aid on budget. Members of parliament called for the further legal empowerment of parliaments in this regard and suggested the conduct of self-assessments of parliamentary oversight of aid. They also recommended that independent auditors guarantee unbiased reporting on the activities of aid providers. Providers voiced a willingness to support existing structures in national parliaments in order to strengthen their oversight role.

27. Representatives of civil society organizations called for a more open and systematic dialogue as a basis for more inclusive monitoring and evaluation. They pointed out that civil society organizations subscribed to the principles entailed in the wider concept of development effectiveness, which underscores development outcomes and policy coherence. Against this backdrop, they stressed that they should be engaged early on in the planning cycle. They expressed their intention to work more closely with parliaments as the fundamental hubs in any accountability process. At the same time, governmental representatives stressed the need for civil society organizations to provide a more transparent account of their activities so that it would be possible to evaluate the extent to which they were aligned with national development priorities.

28. Some participants called upon providers to enable local governments to contribute to dialogues as a means of making aid more accountable. Local governments were seen as important actors in setting and implementing the agenda for national and subnational development policy.

29. Representatives of women's organizations highlighted that gender advocates and national women's machineries were usually excluded from policy debate and decision-making processes on aid. They called for increased participation, as well as for thorough gender-budgeting processes with the participation of parliaments and civil society and for gender audits. The introduction of a policy marker system to

monitor flows of aid targeted to activities related to gender equality and women's empowerment (as done in the OECD Creditor Reporting System 2010) was welcomed.

30. It was emphasized that actors engaged in South-South development cooperation and private foundations should fully participate in the debate on what constitutes high-quality development cooperation and what generates strong impact and development results.

31. Some participating parliamentarians and representatives of civil society organizations stated that, overall, they were encouraged by their growing demarginalization and inclusion in debates on mutual accountability, aid quality and policy coherence, including in the Development Cooperation Forum.

C. Capacity development and empowerment of institutions responsible for mutual accountability

32. The development of an enabling climate for mutual accountability requires substantial know-how and technical expertise in development cooperation in both provider and programme country governments and among non-executive stakeholders. Strengthening domestic accountability is also intrinsically linked to building the capacity of institutions responsible for ensuring accountability.

33. At the country level, a plethora of aid programmes and numerous donor missions keep central governments busy with mostly supply-driven activities, providing limited scope to strategize and develop national positions, documents and policies. In this regard, programme countries and provider agencies reported that shortfalls in the availability of specialized staff slowed progress in improving transparency and accountability.

34. Participants therefore called for the provision of adequate resources to develop national capacities in areas such as reporting on aid, and in interpreting aid information and budget documents. Participating parliamentarians also viewed capacity development as a precondition for the empowerment of parliaments as effective oversight bodies. Providing more and better staff support to parliamentary committees was expected to raise awareness about the absence of relevant documentation to effectively exercise scrutiny and to develop stronger ties with civil society organizations.

35. Representatives of women's organizations called for the allocation of more, and more predictable, resources for strengthening the capacities of such organizations to participate in policy formulation, national planning and budget negotiations, as well as monitoring and evaluation and accountability frameworks.

D. Make aid information more transparent and accessible

36. Disclosing information on aid is an important requirement for holding governments and other actors accountable in regard to their commitments in the area of development cooperation. There is a growing commitment of governments to share information on aid quantity and quality, as called for in the Monterrey Consensus, the Accra Agenda for Action and the Paris Declaration on Aid Effectiveness. Most recently, the Group of Twenty, at its meeting in September

2009, pledged to increase the transparency of international aid flows by 2010. Nonetheless, there are still considerable gaps in disclosing detailed information on aid agreements, policies and data.

37. A significant effort should be made to make high-quality information available from all providers of development cooperation, including DAC and non-DAC donors, multilateral agencies, global funds, foundations and civil society. Information is needed on current and planned aid flows and on qualitative aspects, such as conditionalities, tied aid, impact of aid and, in some cases, the strategies and policies of providers. Such information should be easily accessible and useable by the public, provided in a timely manner and in a form that users can adapt to their individual needs. Access to relevant documents should be ensured at an early stage, that is, when being produced, to support evidence-based decision-making and allow a fully informed contribution by stakeholders to mutual accountability reviews and policy meetings.

38. Much information on aid already exists. However, it is sometimes hard to verify, such as when it is on aid not reported on budget or on the origins of funds (e.g., if budget support is channelled through multilateral organizations). Participants called for stricter disclosure policies in programme countries and for more predictable and transparent information on aid allocation and disbursement by all providers of aid, including multilateral and civil society organizations and global funds.

39. Long-standing efforts to build databases on aid information are encouraging. Initiatives such as the International Aid Transparency Initiative were widely welcomed. Appreciation was expressed for the efforts being made to develop a common standard for data reporting and a code of conduct in the context of the Initiative. It was noted, however, that there remained numerous obstacles to making the right to information legally binding, and that setting standards in aid transparency was complex. It was considered that a regular dialogue should be held with key stakeholders, including parliamentarians and civil society, to clarify the roles of each partner in efforts to improve information on aid flows. Participants also warned against a multiplication of initiatives in the area of aid transparency.

40. Representatives of local governments pointed to their role as both data providers and actors dependent on adequate information at the local level. Representatives of civil society organizations saw their contribution first and foremost as demanding access to relevant aid information and simplifying available information to fit local contexts. They underscored that involving citizens was critical to ensuring bottom-up and democratic accountability. They also encouraged non-governmental organizations in the South and in the North to report information on their aid on a regular basis (through the International Aid Transparency Initiative, but also by means of, for example, the International Non-Governmental Organizations Accountability Charter or GuideStar International). Independent media should also work with civil society organizations in informing citizens about the use of aid flows at the country level.

41. The few success stories in making aid more transparent demonstrate that publishing information on aid may shed light on the lack of domestic sources for financing development, conditionalities and political disagreements, which lead to volatile aid, and on the lack of information on aid allocated to gender equality and women's empowerment.

E. Promote exchange and peer-learning processes

42. Several delegations deplored the lack of an international or regional platform for inclusive dialogue to foster the exchange of experience and peer-learning and to voice concerns and settle disagreements concerning aid management. Such forums could help to develop customized principles on how to make development cooperation more accountable and transparent. They could also contribute to the ongoing debate on what is meant by the quality of aid and thus contribute to the 2010 Development Cooperation Forum and the fourth High-level Forum on Aid Effectiveness and its follow-up.

43. It was suggested that work be undertaken with a view to developing a global network of regional bodies which could address such concerns in a coordinated manner. If resourced properly, regional bodies would provide incentives for the implementation of workable (i.e., peer) review mechanisms. Such bodies might discuss local and national experience and regional specificities and thus contribute to global forums like the Development Cooperation Forum. The Africa Peer Review Mechanism was mentioned as a useful consensus-based regional tool for self-evaluation. It was noted that the joint initiative on mutual accountability in South-East Asia, initiated by the Governments of Cambodia, the Lao People's Democratic Republic and Viet Nam and assisted by the Asia-Pacific Capacity Development for Development Effectiveness Facility, was spearheading a regional dialogue on the potential and limitations of mutual accountability mechanisms.

44. The practical knowledge of women's groups about development challenges should be mobilized through innovative peer-learning processes, such as by creating e-parliaments for women to network across countries and mobilize stakeholders and financing. National media should also play a stronger role.

F. Challenges and the way forward in developing a global agenda for mutual accountability

45. There is clearly no one-size-fits-all mechanism in the area of mutual accountability. The effectiveness of various types of mutual accountability reviews depends on whether a country is aid dependent and whether it has hierarchical decision-making processes and an open culture of communication. Nonetheless, national aid management processes often face similar challenges. To build trust and partnerships among development cooperation partners, emphasis at the country level has to be placed first and foremost on ensuring that mutual accountability reviews are two-way and that aid providers are held accountable by aid recipients and not only the reverse. Participants also favoured a pragmatic approach to developing mutual accountability mechanisms, making effective use of existing initiatives and components at the sectoral and national levels. They expressed support for simple mechanisms that did not overburden experts with limited capacity and at the same time built on national specificities.

46. At the international level, the practicality and inclusiveness of mechanisms is key. Independent mechanisms that have gained traction over the past few years, such as the Concord European AidWatch report and the ONE/DATA campaign report, should be incorporated into official mechanisms. Only a few international mechanisms are well recognized and successful in promoting systematic change in

behaviour. This is due to the insufficient representation of key stakeholder groups and the lack of information on the practices of providers at the national level.

47. Against this backdrop, participants suggested that the Development Cooperation Forum should support a process to further develop and refine guiding principles and meaningful performance targets for national and international mutual accountability and aid transparency mechanisms.

48. Participants encouraged the Development Cooperation Forum to conduct an independent and comprehensive review of international and national mutual accountability mechanisms and aid transparency initiatives, starting in 2010. The Forum should look at the degree to which agreed principles were being applied and stakeholder expectations were being met. It should also review whether the behaviour of provider and programme countries and non-executive stakeholders was changing towards more transparent, inclusive and trust-based aid management as a result of existing mutual accountability mechanisms. Such a review would take into account the different needs at country level and the special situation of fragile States, in which building capacity for mutual accountability was especially urgent. It would also examine whether gender equality and women's empowerment were included as a priority issue.

49. The reformed OECD/DAC Working Party on Aid Effectiveness, as one of the most relevant official mechanisms on mutual accountability, is poised to help programme countries, parliaments and civil society to report to legislators and citizens on budget expenditures, and to involve them further in the DAC peer reviews.

50. Participants were encouraged by this process. They reiterated the importance of the multi-stakeholder nature of the Development Cooperation Forum and viewed it as an inclusive platform to further deepen the discussion on making development cooperation more accountable and transparent. In this context, it was noted that the conclusions and recommendations of the Vienna Symposium would serve as inputs to analytical work to prepare for upcoming symposiums would inform the analytical report to be submitted by the Secretary-General to the Forum in 2010.

51. The following key policy messages emerged from the discussions:

(a) More effective systems of accountability and transparency in development cooperation are needed at the national and international levels to encourage more timely delivery of commitments on aid quantity and quality, especially in the light of the impact of the multiple crises on the achievement of the internationally agreed development goals, including the Millennium Development Goals;

(b) To ensure systematic and practical behavioural change in development cooperation policies and practices, efforts should be made to strengthen a sense of mutuality in the complex accountability relationships between all providers and recipients of aid. This would respond to the needs of programme countries to monitor provider performance and assist them in their efforts to strengthen existing or create new accountability mechanisms which draw on national development priorities;

(c) The effectiveness and credibility of a mutual accountability mechanism depends on the existence of an agreed national development and/or aid policy with

clear objectives and performance targets, including on gender-specific issues. Regular and well-informed consultative processes at a high political level are critical for reaching agreement on programmes of action and indicators for monitoring and evaluation;

(d) A culture of domestic accountability is a prerequisite for more accountable development cooperation. The creation of effective and nationally-owned accountability mechanisms depends on the full recognition of the role of oversight bodies, in particular national parliaments, and their early involvement in decision-making processes. Also essential is the participation of civil society organizations, which should be seen both as advocates and as development partners to be held accountable;

(e) The lack of technical and institutional capacity among all stakeholder groups is a common obstacle in developing well-functioning mutual accountability mechanisms. To further empower governmental agencies, as well as parliaments and civil society, predictable resources are required to strengthen technical expertise, notably in fragile and aid-dependent States;

(f) More transparent information on aid is an important requirement for all stakeholders to make well-informed decisions in the area of development cooperation. A significant effort should be made to provide high-quality and consistent information on aid flows, agreements and policies, with a special focus on qualitative information from all providers on priorities, conditionalities, tied aid and impact;

(g) Regional initiatives and platforms are critical in lending impetus to national efforts to adopt workable mechanisms for the assessment of aid delivery. If resourced adequately, such mechanisms can provide important space for an evidence-based regular dialogue on national experiences and the definition of flexible principles for more accountable development cooperation;

(h) Global mechanisms need to be strengthened to promote more systematic change in behaviour. This can be done by ensuring the representation of all stakeholder groups and the inclusion of independent mechanisms;

(i) The Development Cooperation Forum needs to further develop and refine guiding principles and performance targets for mutual accountability and aid transparency for consideration by all stakeholders, in accordance with global targets on aid quantity and effectiveness;

(j) Starting in 2010, the Development Cooperation Forum will conduct an independent and comprehensive review of status and progress in this area, in close collaboration with the United Nations Development Programme and the engagement of OECD/DAC.

VI. Strengthening South-South and triangular cooperation

A. Growing importance of South-South cooperation

52. South-South cooperation has a long history as an important form of solidarity among developing countries. It has increased over the years and this trend is highly likely to continue, notably as a result of the growth of major emerging economies.

While South-South cooperation should continue to be driven by developing countries, there is a role for triangular cooperation to support its development, while respecting its unique characteristics.

53. With the impact of the global financial and economic crisis, the food crisis and climate change, there is a concern that South-South cooperation may be seen as a way to compensate for the potential decline in North-South cooperation. The impact of the balance-of-payments and fiscal situation of countries on South-South cooperation also needs to be assessed.

B. Need to better understand South-South cooperation

54. Specific knowledge about the scope and characteristics of South-South cooperation and its determinants is still quite limited. Viewing it only as a form of solidarity among developing countries, for example, does not really explain its rapid upward trend. For it to be sustainable, there needs to be mutual interest and mutual gains. Other factors in the growth of South-South cooperation include the role of regional and cross-border cooperation in the management of global and regional public goods.

55. It was considered that to raise awareness about the increasing role and importance of South-South cooperation and to help to dispel some of the myths and misunderstandings that surround this form of cooperation, there was a need for better and more comprehensive information and data. Better information would also benefit partner countries in seeking the most cost-effective areas for cooperation, and would support more informed policy dialogue.

56. A pragmatic approach is needed to develop knowledge on South-South cooperation. It was stated that there was a need for a common definition of South-South cooperation shared by all stakeholders, including, notably, its major providers.

C. Need for more and clearer data: What should be counted as South-South cooperation?

57. South-South cooperation covers a broad range of activities, including trade, foreign direct investments and technical cooperation. In defining South-South cooperation, it was suggested that it could be useful for developing countries to determine its specific components. In the background paper prepared for the Symposium, it was proposed that emphasis be placed initially on measuring financial flows.

58. In adopting this approach, a number of questions still need to be answered, such as whether debt relief or export credits — both of which represent an important share of flows among developing countries — should be included. The purchase by central banks of treasury bonds, especially in Latin America, is a recent trend that needs to be taken into account. It is also important to look at the magnitude of flows of foreign direct investment which may have much bigger impact on the economy of some countries than traditional aid. It was considered that an important criterion in determining which flows should be counted as South-South cooperation should be their development focus.

59. There are a number of practical challenges to collecting data on South-South cooperation, a key one often being the lack of a single governmental ministry or agency responsible for the country programmes for South-South cooperation. A number of countries have, however, taken steps to strengthen institutional structures and data-collection processes. A report will be published in the near future on South-South cooperation in Latin America. Another issue is that many components of South-South cooperation, such as capacity development, are difficult to quantify.

60. The question was raised as to whether the Development Cooperation Forum or the international community has a role to play in gathering data and monitoring South-South cooperation. There is no specific mandate to do so, and there are no agreed commitments on how much assistance should be provided through South-South cooperation and on the modalities for such support.

61. The representatives of some countries engaged in South-South cooperation underlined that greater clarity was needed as to the kind of information and analysis that would be required, the purpose of the information and its impact on where South-South cooperation was situated in the overall development cooperation architecture. It was considered important to focus first on creating an enabling environment for South-South cooperation to flourish, and that care should be taken not to create obstacles in that regard.

62. It was stated that, in any case, cooperation among countries of the South must not be analysed using the same standards as those used for North-South relations. For example, financial contributions from the more advanced developing countries should not be seen as ODA from these countries to other countries of the South.

D. Impact and effectiveness of South-South cooperation

63. There is ample evidence that South-South cooperation has important advantages for the countries receiving it. However, it is difficult to assess accurately: for instance, how effective capacity-building programmes have been and to what extent they reflect the needs of the recipient countries as opposed to supply factors in the providing countries. It was argued that any evaluation of the success of South-South cooperation programmes must be conducted by the participating countries in line with the notion of sovereignty.

64. Some participants stated that it was necessary and legitimate to discuss the extent to which South-South cooperation practices abided by the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. In such a process, good South-South cooperation practices would emerge, thereby contributing to enriching the aid effectiveness agenda. The OECD/DAC Colombian-led task force on South-South cooperation was an initiative aimed at providing concrete evidence of various practices in South-South cooperation, their impact and their contribution to the effectiveness of development cooperation. On the other hand, it was stressed that, while the principles of the Paris Declaration and Accra Agenda for Action could be used as a very useful reference for South-South cooperation, they should not be considered an obligation in this type of cooperation.

65. Some participants emphasized that, as agreed in the Accra Agenda for Action, South-South cooperation should fully abide by the principles of non-interference in domestic affairs and respect for the sovereignty and diversity of partner countries.

E. Role of the Development Cooperation Forum in South-South cooperation

66. The Development Cooperation Forum has an important role to play as a neutral forum in which to debate issues, exchange experiences, discuss approaches and share views related to South-South cooperation. It can help to translate the positive characteristics of South-South cooperation into wider development cooperation practices. It was stated that it could also contribute to developing mutual accountability among partner countries in regard to South-South cooperation. Non-executive stakeholders would be interested in engaging in such a process.

67. While it was also stated that the Development Cooperation Forum could provide a forum for discussing issues related to data and analysis of South-South cooperation, some participants stressed that it should not engage in such technical and normative work but rather focus on policy discussions. Notwithstanding its role in debating South-South cooperation issues, the primary focus of the Forum should continue to be development cooperation between the developed and developing world.

68. The following key policy messages were derived from the discussions:

(a) South-South cooperation should not be seen as a way to compensate for the potential decline in North-South cooperation;

(b) Equal importance must be given to supporting and promoting South-South cooperation, including through triangular cooperation;

(c) Information on South-South cooperation should be improved as a way to increase awareness and understanding about the scope and role of this type of cooperation;

(d) While developing a common definition and improving data on South-South cooperation is desirable, it must be borne in mind that South-South cooperation cannot be analysed using the same criteria as North-South cooperation;

(e) The principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action are an important reference for South-South cooperation.

VII. Policy coherence

69. The Symposium provided the opportunity for a brainstorming session on the best ways to address policy coherence issues under the aegis of the Development Cooperation Forum, with a focus on the unique contribution that the Forum could make to this important issue, as well as its synergy and complementarities with other processes.

70. Policy coherence is seen as an important focus of the Forum's discussions in 2010. The unique mandate of the United Nations, as well as the realities of the world economy, mean that the Forum is well positioned to address both aid coherence, that is, the use of aid to leverage non-aid flows for financing development, and, more broadly, policy coherence for development.

A. Key measures to promote coherence

71. In order to access a critical mass of resource flows, for example, trade, investment and remittances, many developing countries have undertaken decisive policy reforms (e.g., trade liberalization) to mobilize financing for development. These reforms carry sizable economic and social costs which could easily defeat the original policy intentions in the absence of front-loading of aid.

72. A renewed focus should be placed on supporting developing countries in the development of comprehensive strategies, with resource mobilization at the core, and building productive capacity and infrastructure as well as financing the adjustment costs.

73. The success of policy reforms requires greater coherence among international financial institutions. The current disconnect between field-level realities and higher level decision-making hinders regional and global integration initiatives and the implementation of national development strategies.

B. Possible focus for the Development Cooperation Forum on policy coherence for development

74. Policy coherence for development is a missing dimension of the development effectiveness debate and needs to be discussed by the Development Cooperation Forum. Much of the debate has been on internal coherence (i.e. aid effectiveness), and the relationship among aid input, output, outcome and impact. Other dimensions of policy coherence are also important. This applies to donors (policy coherence among all institutions within a donor country) and countries (alignment of the policies of OECD member countries and those of developing countries).

75. Policy coherence for development is closely linked to the objective of the Development Cooperation Forum, that is, promotion of development through increased and more effective and coherent development cooperation. With globalization, it has become clearer that ODA by itself cannot bring about the anticipated development outcomes. Nowadays, developing country exports are more than 40 times the level of official aid flows. Remittances and private capital flows are 3 and 10 times, respectively, the size of ODA.

76. As a result, in spite of its primary focus on development cooperation in a conventional sense, the Development Cooperation Forum should bear in mind the broader range of policies impacting other resource flows in order to fulfil its mandate. It was stated that the Forum had a role to play in tackling global policy dysfunctions in agricultural policies, tariff policies, intellectual property rights, immigration restrictions, fishing subsidies and climate change, which impede the impact of development cooperation. The scope of the policy coherence for development agenda should also cover tax policies and illicit financial flows. The special needs of fragile States should be borne in mind.

77. The agenda of the European Union on policy coherence for development represents one way of addressing policy coherence issues, which the Development Cooperation Forum could build upon to advance its own unique intervention. The European Union has achieved concrete commitments to policy coherence in 12 policy areas, guaranteed by various mechanisms which include impact

assessment, inter-service consultation and the biennial report on policy coherence for development.

78. It was stated that the donor-recipient coherence dimension had been missing in the policy coherence for development agenda. Making policy coherence a mutual obligation was seen as key to its success. Developing countries could increase policy coherence in the area of security and climate change in order to make policy coherence for development a common agenda.

79. In tackling internal coherence, that is, aid effectiveness, the Development Cooperation Forum should play an important role in the following areas:

(a) *Improving aid targeting*. Currently, only 30 per cent of aid goes to the poorest countries and aid allocation for social services remains at only one half of the desired level;

(b) *Reducing aid fragmentation*. Fragmentation has increased four to five times in the past decade. Currently, there are 81,000 aid activities but the mean size of individual aid transactions has dropped from $3.2 million to $1.6 million;

(c) *Reducing aid volatility and cost of aid administration*. Aid volatility increased by 16 per cent during the period 2000-2006;

(d) *Improving aid coordination and forging broader development coalitions*. Aid coordination remains poor, with less than 20 per cent of recipient countries having development cooperation strategies. The diversification of aid sources requires the establishment of aid coalitions. An increasing number of donors are contributing to a large number of recipients. There are 30,000 donor missions a year. These all increase the transaction cost for both sides.

80. It was stated that the Development Cooperation Forum could distinguish itself from other processes by addressing human security. The United Nations was the only entity that had the mandate to overcome both freedom from fear and freedom from want, thereby giving the Forum legitimacy to address the human security dimension of policy coherence.

81. The following key messages emerged from the discussions:

(a) Front-loading of aid is key to the success of policy reforms aimed at mobilizing financing for development;

(b) Policy coherence is closely linked to the mandates of the Development Cooperation Forum and should be on its agenda;

(c) The Development Cooperation Forum is poised to address some missing dimensions in the current policy coherence for development agenda, including donor-recipient coherence;

(d) Donors should adjust their focus on technical cooperation and capacity-building towards more emphasis on infrastructural and productive sector development in order to create an enabling environment for generating financing for development.